

Before the

FEDERAL COMMUNICATIONS COMMISSION

Washington, D.C. 20554

In the Matter of)

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Universal Service Contribution Methodology) WC Docket No. 06-122

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A National Broadband Plan For Our Future) GN Docket No. 09-51

REPLY COMMENTS OF
THE ALASKA STATE LIBRARY

The Alaska State Library (ASL) is pleased to submit these reply comments in the Federal Communications Commission's Further Notice of Proposed Rulemaking (FNPRM) on reform of the Universal Service Fund (USF) contribution mechanism.

Libraries - including school libraries - continue to maintain their connectivity and gradually improve the speed and reliability of their networked services through the E-rate program, though, as the American Library Association (ALA) has pointed out in its comments, "they are not yet able to meet community demand for connectivity and will continue to need E-rate discounts to add critical capacity." Nowhere is this statement more true than in Alaska, where only with the support of a multi-million dollar BTOP grant can our public libraries now achieve the uniform minimum of 1.5 Mb symmetrical connectivity required to participate in the ASL Online With Libraries (OWL) video-conferencing network. Not only are Alaska libraries highly dependent on USF funding to ensure that basic Internet services remain available in communities statewide, but the long-term sustainability of

the OWL video-conferencing project, which connects the most rural of locations to the rest of the world, also relies upon a healthy, well-funded E-Rate program.

Libraries Should Retain Their Categorization as End Users?

ASL agrees with both ALA and Higher Education Associations (HEA) comments that libraries should continue to be treated as end users and not as telecommunications providers, i.e., even library systems with networked branches should not be considered as providing telecommunications services to their branches in as much as any outbound traffic involving the PSTN is captured in the monthly bills these libraries pay to their Internet providers, which are, for the most part, common carriers or their subsidiaries.

USF Fees Should Be Eliminated for USF Beneficiaries

ASL agrees with ALA that the Commission should consider totally eliminating the indirect contribution obligations that libraries currently pay because, just as with Low Income participants, libraries (and schools) are intended beneficiaries of the USF. ASL requests that the Commission totally eliminate any USF fees currently paid by E-Rate.

For the sake of simplicity, clarity, efficiency, fairness and ease of program administration, ASL feels that the complete elimination of these fees for all USF beneficiaries, rather than their elimination for a particular class of beneficiary (e.g., most disadvantaged institutions), or their reduction rather than elimination, is preferable. In the end, it makes little sense for USAC to distribute money with one hand through E-Rate and take it back with another through USF fees. In a recessionary economy, it is a real struggle for all libraries to find adequate local match in order to maintain their current connectivity, let alone expand their connectivity to support ever more bandwidth-intensive advanced applications, such as HDTV quality video and telepresence for purposes of distance learning.

Broadband Should Be Subject to USF Contribution

ASL favors the inclusion of broadband as an assessable telecommunications service under a reformed revenue-based USF contribution methodology as a matter of basic equity and neutrality between digital communication technologies. Largely due to IT outsourcing and cloud computing, digital technologies of all kinds are rapidly merging into a single, integrated network with a consistent telecommunication component of data accuracy, integrity, and security underlying the delivery of all services. While the enlargement of the USF contribution base to include broadband should secure the financial viability of USF for the foreseeable future, we do acknowledge that USF beneficiaries with the least resources may be discouraged from subscribing to higher speed and data throughput levels of broadband service if broadband becomes incrementally more expensive once broadband revenues are assessed for purposes of USF.

No doubt the contribution factor will fall dramatically once the contribution base is enlarged through the inclusion of broadband; however, the disparity between the cost of broadband and telephone

services must be considered. This ratio can be anywhere from 2:1 to as much as 1000:1 or more. Traditional library telephony costs, which are currently the only telecommunications cost subject to USF fee assessment, are a mere fraction of average library broadband connectivity costs. For example, in an Alaska public library, the telephone bill may be just \$40 per month but the bill for broadband may easily be \$400 or even \$4,000 for just a fractional T-1 line when satellite is the only delivery technology available. Unless we eliminate the USF charge from these anchor institutions, those libraries and schools who can least afford it will feel this USF broadband contribution the most.

If the FCC is serious about promoting the deployment of advanced networks to rural areas, then it must make an effort to ensure that the inclusion of broadband as an assessable USF service to libraries and other intended USF beneficiaries - schools, health care clinics, and Low Income participants - does not significantly increase the per megabit cost of broadband to these institutions and consumers. Unless the FCC can clearly demonstrate that the enlargement of the contribution base is such that the inclusion of broadband as an assessable service will actually lower overall USF costs to libraries and other intended USF beneficiaries, than the FCC should entirely exempt these institutions from any USF fees.

E-Rate Funding Should Be Increased Under Any Contribution Mechanism Reform

While some USF funds may be reduced over time through the elimination of waste, fraud and abuse and innovative reforms, it is fairly obvious that in the short term the E-Rate fund will need to grow by a billion dollars or more to come anywhere close to meeting constantly increasing demand while providing continued support for priority two services. ASL sees the chronic underfunding of E-Rate as extremely relevant to this docket since contribution mechanism reform is the best opportunity to fully fund E-Rate. The successful continuation of E-Rate should be a major factor in evaluating the best contribution methodology and in calculating the adequacy of the inclusion of broadband as an assessable USF service should the Commission decide to retain a revenue-based contribution mechanism.

Finally, ASL also supports the ALA in its recommendation that any changes to the contribution mechanism should be implemented in a manner that minimizes confusion and disruption of the E-rate application process itself, which is complicated enough. For these reasons, a numbers- or connection-based methodology would face a high burden of proof to demonstrate its superiority to an expanded revenue-based approach, a burden which has not been met to date in the record of this docket.

Respectfully submitted by,

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